

Best yet to come for mutual funds industry: Madhu Kela

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Mutual funds are the best vehicles for new investors looking to put money in the stock market, says Madhu Kela, chief investment strategist, Reliance Capital. According to him, the mutual funds industry has matured over the years and so have investors. "The best is yet to come," Kela insists in an interview. Edited excerpts:

How has the mutual fund industry changed over the years and what is in store in the coming years?

When we came in, our total equity funds were Rs12 crore; Reliance Growth Fund and Reliance Mutual Fund put together was Rs12 crore in 2001-2002.

Today, we have Rs50,000-60,000 crore as our equity corpus. It all happened in 12-14 years. So, I think everything has changed.

Plus, the most important thing now is that there are a lot of professionals available. First it was only UTI. Then came the private sector mutual funds and now there are a lot of good professional managers. They have committed their share of mistakes because as they say experience teaches you a lot of things in the market.



Reliance Capital chief investment strategist Madhu Kela. ABHIJIT BHATLEKAR/MINT

I think the industry has matured, the fund managers have matured, and I would say even the investors have matured. Previously, I remember when we were doing earlier rounds of mutual funds, whenever there was a

500-1,000 point decline, there was panic in the minds of retail investors. Now, people are looking at it as an opportunity.

So, even after demonetization, you saw a lot of money come in because people realised that it was a real opportunity to hook on to the markets, into mutual funds, because the India story does not need to be discovered. It has already been discovered.

Distributors have become very smart. I would say investors have become very smart

and fund managers too, over a period of time, have become seasoned. I am sure that the best is yet to come.

What needs to be done by the mutual fund industry in order to tap the untapped potential which still exists in India?

It is humongous potential. I think the only thing is once people have made money by investing, that is what will percolate the culture. SIP has become a big product and I am sure as it has happened worldwide. So, the whole industry whether it is corporates or exchanges, or the ministry or the mutual fund companies, or the media companies, all of us have to work together to create that buzz, to create that awareness, to ensure that the education investors need is available at the click of a button.

Where do you stand now in terms of your view on the entire markets?

This is the time to buy. The markets may from time to time see corrections. My only message to the retail investors is: ask the right questions, don't ask what to buy and when to buy, you should ask how much to buy and for how long you must buy it. So, when you want to buy a lot, when you want to buy for a longer period of time, then you would want the market to correct a little bit and use that correction to enter.